



31 October 2023

Company Announcements Office
Australian Securities Exchange

QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C

In accordance with ASX Listing Rule 4.7B, Vectus Biosystems Limited (Vectus or the Company) presents its September 2023 Quarterly Activities Report and Quarterly Cash Flow Report – Appendix 4C.

Overview

- Ongoing recruitment and progress towards completion of Phase Ib.
- Significant patent grants.

Commentary on Activities for September 2023 Quarter

Following on from the meetings with European, US, Japanese and Chinese pharmaceutical firms, as well as veterinary pharmaceutical companies, which occurred at Bio 2023, Vectus has ongoing engagement with a number of pharmaceutical (both human and veterinary) companies. The recruitment of patients with mild to moderate hypertension and low cardiovascular risk continues for the Phase Ib clinical trial. To-date there have been no early withdrawals as a consequence of adverse events indicating that VB0004 is safe in patients with hypertension as well as normal healthy volunteers.

Studies completed by Asymchem now indicate that VB0004 remains stable at two-and-a-half years, increasing the shelf life of VB0004 from two years. In addition, plasma stability studies performed by Analytical RnD have shown that VB0004 remains unchanged in plasma stored at -20°C.

Patents

During the recent quarter the patent for the Company's D group of compounds and their application in the management of pulmonary fibrosis was granted in Europe. The patent for Vectus' P group of compounds with indications for liver and renal fibrotic disease was granted in the Republic of Korea.

Finance and Corporate

The funds expended by the Company during the September 2023 quarter were largely in connection with the finalisation of the Phase Ia clinical trials for VB0004 and the Phase Ib work. Payments for Phase I, research, patents, staff costs and Directors' fees for the quarter amounted to \$922,000. Cash-on-hand at 30 September 2023 was \$1,769,000. Vectus forecasts the receipt of \$1,226,000 in the December 2023 quarter as its research and development (R&D) refund from the Australian Taxation Office for R&D expenditure for the year ended 30 June 2023. Payments to related parties during the quarter were the Chief Executive Officer's salary of \$54,000 and the Non-Executive Directors' fees of \$43,000. During the quarter, fees of \$10,000 (for corporate services, including cost re-imbursment for information technology, human resources and accounting services, in line with budget) were paid to Regional Corporate Services Pty Ltd, of which Non-Executive Director Maurie Stang is a director.

Vectus Biosystems Limited

Karen Duggan

Chief Executive Officer and Executive Director

This announcement was authorised by the Company's Board of Directors.

About Vectus Biosystems Limited

The Company is developing a treatment for fibrosis and high blood pressure, which includes the treatment for three of the largest diseases in the fibrotic market, namely heart, kidney and liver diseases. Vectus successfully completed its Initial Public Offering (IPO) on the Australian Securities Exchange (ASX:VBS) and commenced trading on ASX on 23 February 2016, after raising \$5.1 million. Funds from the IPO were predominantly used to develop the Company's lead compound, VB0004, which aims to treat the hardening of functional tissue and high blood pressure. Vectus has conducted a range of successful pre-clinical trials, which have shown that VB0004 slows down the advances of fibrosis, potentially repairs damaged cell tissue and reduces high blood pressure. VB0004 is now progressing through a number of important milestones, including pharmaceutical scale-up and additional toxicity studies. Following the successful results from the 2019 fundraising via convertible notes, which were all subsequently converted into shares, and the 2020 and 2022 share placements, and share purchase plan, the Company has funding for its Human Phase Ib trial of VB0004, and to advance it and the other drugs in its library. Vectus' strategy is to develop and perform early validation of its drug candidates to the point where they may become commercially attractive to potential pharmaceutical partners.

The Company has also developed technology aimed at improving the speed and accuracy of measuring the amount of DNA and RNA in samples tested in laboratories. The technology, called Accugen, is owned by Vectus' wholly-owned subsidiary Accugen Pty Limited. The technology offers a time, cost and accuracy benefit compared to currently-available systems. The Company's current stage of investment in Accugen is a commercialisation programme that may include direct sales, distribution partnerships and licensing opportunities.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Vectus Biosystems Limited

ABN

54 117 526 137

Quarter ended ("current quarter")

30 September 2023

Consolidated statement of cash flows

1 Cash flows from operating activities

1.1 Receipts from customers

1.2 Payments for

(a) patent and research expenses

(b) staff costs and directors' fees

(c) occupancy cost

(d) corporate overheads

(e) legal and professional fees

(f) other operating items, including working capital

1.3 Dividends received

1.4 Interest and other items of a similar nature received

1.5 Interest and other costs of finance paid

1.6 Income tax refund received (including R&D tax offset)

1.7 Government grants and tax incentives

1.8 Others (provide details if material)

1.9 Net cash from / (used in) operating activities

	Current quarter \$A'000	Year to date (3 months) \$A'000
	-	-
	(603)	(603)
	(318)	(318)
	(49)	(49)
	(151)	(151)
	(81)	(81)
	8	8
	-	-
	23	23
	(1)	(1)
	-	-
	-	-
	-	-
	(1,172)	(1,172)

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
2 Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(10)	(10)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(10)	(10)
3 Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	-

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
4 Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	2,951	2,951
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,172)	(1,172)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(10)	(10)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	1,769	1,769

5 Reconciliation of cash and cash equivalents

Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,769	2,896
5.2 Term Deposits	-	55
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (item 4.6)	1,769	2,951

6 Payments to related parties of the entity and their associates

	Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	107
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

7 Financing facilities

Note: The term "facility" includes all forms of financing arrangements available to the entity

Add notes as necessary for an understanding of the sources of finance available to the entity

	Total facility \$A'000	Amount drawn \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-

- 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Not applicable

8 Estimated cash available for future operating activities

	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,172)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,769
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	1,769
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.51

- 8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Vectus forecasts the receipt of \$1,226,000 in December 2023 being its research and development (R&D) refund from the Australian Taxation Office for R&D expenditure for the year ended 30 June 2023.

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

The Company continues to evaluate a number of options to address its future capital requirements, and the funding of its future research and development (R&D), and product commercialisation programme. Vectus remains in active dialogue with potential investors, and a number of brokers and providers of other sources of funding, and is in strategic discussions with potential trade partners.

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Vectus expects to be able to continue its operations and to meet its business objectives based on the receipt of the R&D tax refund and its anticipated capital raising.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: **31 October 2023**

Authorised for release to the market by the Vectus Board of Directors.

Notes:

- 1 This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
- 2 If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
- 3 Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
- 4 If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
- 5 If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.